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Suite 1020
1401 H Street, N.W.
Washington, DC 20005
Office: 202/326-3818
Fax: 202/326-3826

Ameritech.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Christopher M. Heimann
Director of Legal Affairs
Washington Office

September 7, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Ex Parte Presentations, CC Docket 96-98

Dear Ms. Salas:

Switching

On Friday, September 3, 1999, Gary Phillips and I, representing Ameritech, participated in a debate with representatives of AT&T and CompTel before Commissioner Tristani and Sarah Whitesell, Common Carrier Legal Advisor to Commissioner Tristani, on whether and where local switching should be made available as an unbundled network element.

In the debate, Ameritech demonstrated that in areas where competitive local exchange carriers (CLECs) have deployed switches and obtained collocation in incumbent LEC (ILEC) wire centers, CLECs have by their own actions conclusively established that any reasonably efficient competitor could compete without access to unbundled local switching (ULS). Consequently, Ameritech showed, ULS does not satisfy the impairment standard in section 251(d)(2) of the 1996 Act in any wire center in which a CLEC has obtained collocation and assigned a switch to the rate center in which that wire center is located.

While a wire center approach for determining where ULS should be required would most accurately reflect market conditions, Ameritech asserted that it would not oppose an MSA approach pursuant to which ULS and the UNE platform would not be made available in the top 100 MSAs in the United States. Such an approach, Ameritech noted, was supportable based on current CLEC switch deployment and collocation arrangements. (*See* charts attached hereto.)

Ameritech observed that, under either approach, if the Commission were to conclude (incorrectly in Ameritech's view) that CLECs would be impaired in their ability to offer residential, but not business, services without access to ULS, the Commission could limit the availability of ULS only to the provision of

residential services. None of the parties to the debate disputed this point. Ameritech further observed that there is no evidence in the record to go beyond a straight residential/business split. Likewise, there is no basis in the record for a recent proposal by AT&T, MCI and CompTel that ULS be made available for all customers except those taking service at DS1 and above, and then only in zone 1 (as of January 1, 1999) wire centers located in the top 10-15 MSAs. This proposal, as Ameritech observed, is nothing more than a sham that would relieve ILECs of an ULS requirement for only an infinitesimal number of lines. Only .1 percent of the lines in Ameritech's entire region are DS1 and above, and these CLECs' proposal therefore would require Ameritech to provide ULS for virtually all (over 99.9 percent) of its lines.

As Ameritech pointed out, these CLECs' DS1 proposal is completely at odds with the following facts:

- When the 1996 Act was passed, 65 CLEC switches had been deployed nationwide. As of March 1999, that number grew to 724 in 320 cities across the nation. If switch deployment continues at its current pace of more than one switch per day, the number will exceed 1000 by the end of the year.

- As of March 1999, 28 different CLECs had deployed 112 switches in cities across Ameritech's region (including 26 of the top 27 MSAs, and many smaller cities). As of August 1, 1999, these numbers had grown to 35 CLECs and 138 switches.

- The number of collocation arrangements in Ameritech's central offices is exploding. As of April 1997, Ameritech had furnished 100 collocation arrangements. As of August 1, 1999, Ameritech had furnished 1160 collocation arrangements in 340 central offices. Today, Ameritech is receiving 300 collocation orders every month. In September 1999, Ameritech has already received an order for 300 new collocation arrangements from a single CLEC.

- While some of these collocation arrangements are not used to provide traditional, switched voice telecommunications services, over half of the lines in Ameritech's region can be addressed by a CLEC switch with collocation in place, and one third of its lines are addressable by 2 CLEC switches with collocation in place.

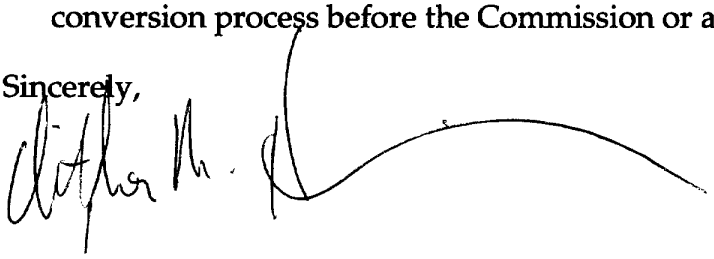
- CLECs can obtain virtual collocation in the Ameritech region for less than $5,000 per rack (on average), and physical collocation for less than $24,000 (on average). An average virtual collocation arrangement in the Ameritech region costs approximately $13,000, and an average physical collocation arrangement (with a cage, and without sharing) costs approximately $45,000.

Plainly, CLECs would not be deploying these switches or ordering collocation in these numbers if they believed that they could serve less than .1 percent of Ameritech's lines using their own switches.

Although they did not dispute any of the foregoing facts, AT&T and CompTel asserted that the Commission should adopt their DS1 proposal because, they claim, (1) ILECs cannot cut over unbundled local loops fast enough to support mass market entry, and (2) the existing loop cut over ("hot cut") process is too error prone to support mass market competition. Their claims, Ameritech pointed out, are completely at odds with the facts in the record. Ameritech noted:

- It submitted an affidavit with its Reply Comments showing, based on ***actual*** performance records, that:
    - Ameritech could cut over 18 percent of the lines in its large and medium size offices (and a higher percentage in its smaller offices) in one year without hiring any additional technicians.
    - By moving personnel or hiring new technicians, Ameritech could cut over all of the lines in its large and medium size offices in less than one year (and in a shorter period for smaller offices).
    - Ameritech can train new technicians in just four weeks.
- Ameritech has already performed well over 200,000 loop conversions. Its year to date performance includes a *97 percent* on-time record (five days or less), and a *95 percent* accuracy record. These data too are based on actual performance records.
- There are no complaints pending against Ameritech relating to the loop conversion process before the Commission or any state commission.

Sincerely,



Attachment

Collocated Competitors with Switches by Wire Center

Number of Competitors per AIT Wire Center	Ameritech Wire Centers		Lines Served		Cumulative % Lines Served		
	Cumulative Count	Cumulative Percentage	Cumulative Total	Cumulative Percentage	Largest Bus. Percentage	Other Bus. Percentage	Residential Percentage
7	2	0.2%	215,882	1.0%	3.4%	1.6%	0.1%
6 or more	7	0.6%	721,642	3.5%	7.3%	4.3%	1.9%
5 or more	15	1.3%	1,212,359	5.9%	11.4%	7.4%	3.5%
4 or more	34	3.0%	2,513,009	12.2%	20.2%	14.5%	8.7%
3 or more	57	5.0%	3,746,671	18.2%	26.5%	21.0%	14.5%
2 or more	119	10.5%	6,803,467	33.1%	45.6%	36.1%	27.7%
1 or more	256	22.7%	11,569,706	56.2%	68.2%	58.2%	51.2%
0 or more	1130	100.0%	20,583,377	100.0%	100.0%	100.0%	100.0%

Note: For the purposes of this analysis, AT&T, MCI WorldCom and McLeod's acquisitions were treated as one competitor under the parent company's name even though the respective companies have yet to consolidate all of their collocation and interconnection agreements. Therefore, AT&T and TCG were treated as one competitor; MCI metro, WorldCom, Brooks Fiber, and MFS were considered one competitor; and McLeod, Ovation, Phone Michigan, Dakota Services and QST were considered one competitor.

Collocated Competitors with Switches by Wire Center: Top 100 MSAs

Number of Competitors per AIT Wire Center	Ameritech Wire Centers		Lines Served		Cumulative % Lines Served		
	Cumulative Count	Cumulative Percentage	Cumulative Total	Cumulative Percentage	Largest Bus. Percentage	Other Bus. Percentage	Residential Percentage
7	2	0.4%	215,882	1.5%	4.7%	2.1%	0.1%
6 or more	7	1.3%	721,642	4.9%	10.3%	5.8%	2.6%
5 or more	15	2.7%	1,212,359	8.2%	16.0%	9.9%	4.9%
4 or more	33	6.0%	2,429,427	16.4%	27.7%	18.6%	11.7%
3 or more	53	9.7%	3,545,395	23.9%	35.7%	26.7%	18.9%
2 or more	103	18.9%	6,141,512	41.5%	56.9%	44.9%	34.9%
1 or more	186	34.1%	9,066,345	61.2%	73.2%	63.7%	56.2%
0 or more	546	100.0%	14,806,867	100.0%	100.0%	100.0%	100.0%

Note: For the purposes of this analysis, AT&T, MCI WorldCom and McLeod's acquisitions were treated as one competitor under the parent company's name even though the respective companies have yet to consolidate all of their collocation and interconnection agreements. Therefore, AT&T and TCG were treated as one competitor; MCI metro, WorldCom, Brooks Fiber, and MFS were considered one competitor; and McLeod, Ovation, Phone Michigan, Dakota Services and QST were considered one competitor. This analysis encompasses Ameritech cities in the Top 100 MSAs. These cities are Chicago, Detroit, Cleveland, Indianapolis, Milwaukee, Columbus, Grand Rapids, Dayton-Springfield, Akron, Gary, Toledo, Youngstown, and Ann Arbor.

Collocated Competitors with Switches by Wire Center: Top 50 MSAs

Number of Competitors per AIT Wire Center	Ameritech Wire Centers		Lines Served		Cumulative % Lines Served		
	Cumulative Count	Cumulative Percentage	Cumulative Total	Cumulative Percentage	Largest Bus. Percentage	Other Bus. Percentage	Residential Percentage
7	2	0.5%	215,882	1.8%	5.4%	2.5%	0.1%
6 or more	7	1.8%	721,642	5.9%	11.8%	6.9%	3.2%
5 or more	15	3.9%	1,212,359	9.8%	18.3%	11.8%	6.0%
4 or more	33	8.7%	2,429,427	19.7%	31.7%	22.2%	14.3%
3 or more	53	13.9%	3,545,395	28.8%	40.9%	31.9%	23.2%
2 or more	99	26.1%	5,984,966	48.6%	63.6%	52.4%	41.7%
1 or more	154	40.5%	8,072,327	65.5%	76.7%	67.7%	60.5%
0 or more	380	100.0%	12,321,837	100.0%	100.0%	100.0%	100.0%

Note: For the purposes of this analysis, AT&T, MCI WorldCom and McLeod's acquisitions were treated as one competitor under the parent company's name even though the respective companies have yet to consolidate all of their collocation and interconnection agreements. Therefore, AT&T and TCG were treated as one competitor; MCI metro, WorldCom, Brooks Fiber, and MFS were considered one competitor; and McLeod, Ovation, Phone Michigan, Dakota Services and QST were considered one competitor. This analysis encompasses Ameritech cities in the Top 50 MSAs. These cities are Chicago, Detroit, Cleveland, Indianapolis, Milwaukee, and Columbus.

Ameritech Business Customer Base by Linesize

Customers are Defined at Location Level

Linesize	# of Customers	% of Base
1	557,298	42.2%
2	245,114	18.5%
3	159,433	12.1%
4	88,728	6.7%
5	54,993	4.2%
6-10	114,180	8.6%
11-15	40,713	3.1%
16-20	18,607	1.4%
21+	43,005	3.3%
Total	1,322,071	100%